

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Mid-America Pipeline Company, LLC	:	
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Application for (i) Issuance of Certificate in Good Standing as a Common Carrier by Pipeline Pursuant to the Illinois Common Carrier by Pipeline Law; and (ii) Issuance of an Interim Order Granting Temporary Authority Pending Resolution of this Proceeding.	:	04-0433

ORDER

By the Commission:

Introduction

In this proceeding, Mid-America Pipeline Company, LLC (“Petitioner” or “Mid-America LLC”) filed a verified Petition with the Illinois Commerce Commission (“Commission”). Among other things, Petitioner seeks a Certificate of Good Standing (“Certificate”), pursuant to Section 15-401 of the Public Utilities Act (“Act”), 220 ILCS 5/15-401, certifying that the public convenience and necessity require the operation and maintenance by Petitioner of a pipeline system as shown on MPC Exhibits 2 and 4E, and as described in Docket Nos. 48709, 58072, 86-0101, T88-0065, and P94-0001, and the transportation of natural gas liquids and liquefied petroleum gases through those facilities. Article XV of the Act, 220 ILCS 5/15-100 et seq., is known as the “Common Carrier by Pipeline Law.”

Petitioner is a limited liability company organized under Delaware law in 2002. Petitioner is authorized to do business in Illinois. Its designated “entity type” in Illinois is “LLC” or limited liability company. Petitioner’s assets were formerly held by a corporation identified as Mid-America Pipeline Company (“Mid-America Corporation”), a certificated common carrier by pipeline in Illinois. In 2002, the State of Delaware authorized a conversion of that corporation to an LLC, the Petitioner herein.

In the instant proceeding, Mid-America Pipeline Company, LLC, as the new legal entity in Illinois, seeks certification, as indicated above, for the facilities and services authorized in the certificates previously issued to Mid-America Corporation.

Pursuant to due notice, prehearing conferences and hearings were held in this matter before a duly authorized Administrative Law Judge, at the Commission's offices in Springfield, Illinois. Notice of the initial hearing was provided to Petitioner. Notice was also provided to the Illinois Environmental Protection Agency, Illinois Department of Transportation, Department of Natural Resources and Department of Commerce and Economic Opportunity.

At the hearings, Petitioner appeared through counsel and presented the testimony of Kevin Bodenhamer and various exhibits. Mark Maple, a Senior Gas Engineer, testified on behalf of the Commission Staff ("Staff"). Mr. Maple found no reason to oppose the requested relief. No other appearances were entered. At the conclusion of the hearings, the record was marked "Heard and Taken."

Statutory Authority

Among other things, "Common carrier by pipeline" means "a person or corporation that owns, controls, operates, or manages, within this State, directly or indirectly, equipment, facilities, or other property, or a franchise, permit, license, or right, used or to be used in connection with the conveyance of gas or any liquid other than water for the general public in common carriage by pipeline" (220 ILCS 5/15-201)

Section 15-401 of the Act is entitled "Licensing" and governs this proceeding. That Section states in part:

(a) No person shall operate as a common carrier by pipeline unless the person possesses a certificate in good standing authorizing it to operate as a common carrier by pipeline. No person shall begin or continue construction of a pipeline or other facility, other than the repair or replacement of an existing pipeline or facility, for use in operations as a common carrier by pipeline unless the person possesses a certificate in good standing.

(b) Requirements for issuance. The Commission, after a hearing, shall grant an application for a certificate authorizing operations as a common carrier by pipeline, in whole or in part, to the extent that it finds that the application was properly filed; a public need for the service exists; the applicant is fit, willing, and able to provide the service in compliance with this Act, Commission regulations, and orders; and the public convenience and necessity requires issuance of the certificate.

Section 15-401 also requires the Commission to consider any evidence presented by the Illinois Environmental Protection Agency, Illinois Department of Transportation, the Department of Natural Resources and the Department of Commerce and Economic Opportunity. As indicated above, those agencies were served notice of the initial hearing. They did not present evidence.

Section 15-301 of the Act requires that each common carrier by pipeline keep its accounts and records in the State of Illinois, unless otherwise ordered by the Commission.

Nature of and Need for Proposed Certificate and Services; Other Issues

Mid-America LLC states that Mid-America Corporation was certificated to own and operate a pipeline system in Illinois for the conveyance of natural gas liquids. Its 400-mile system in Illinois, now owned and operated by Mid-America LLC, Petitioner herein, is part of a 7,200-mile pipeline system in a 14-state area in the Rocky Mountains and Midwestern Region of the United States. The "System" moves 242 million barrels of refined products annually. According to Petitioner, the products transported on the System are natural gas liquids, consisting in 2003 of 11% Ethylene, 80% Ethane Propane Mix, and 9% propane. Petitioner states that the System is shown on Exhibits MPC2 and MPC4E, and in Illinois is comprised of the pipelines as described in Docket Nos. 48709, 58072, 86-0101, T88-0065, and P94-0001.

Petitioner asserts that, when compared to other modes of transportation, the System provides a safe and cost-effective means to transport refined products. In 2003, approximately 14 million barrels of natural gas liquids and liquefied petroleum gases were shipped through the System into the State of Illinois for further processing and distribution. Mid-America LLC claims that for Ethylene and Ethane Propane Mix, the only commercially available transportation is by pipeline due to the required pressure necessary to keep the material in a liquid state for movement of these products.

According to Petitioner, its pipeline is the only one that can provide the market area with ethylene, and there is only one other pipeline that can provide the market area with Ethane Propane Mix, although at a reduced flow rate. Over the previous 12 months, Petitioner delivered approximately 1.6 million and 12.0 million barrels of Ethylene and Ethane Propane Mix respectively to the petrochemical market in Illinois and 35 million barrels of Ethane Propane Mix to the other markets served by the pipeline system.

Petitioner contends that if the pipeline were not available, the destination processing facilities would be unable to receive feedstocks for processing into the chemicals and plastic products they produce. During the same time period, Petitioner delivered approximately 1 million barrels of propane to terminals that load propane in Illinois and 37 million barrels of propane to the other markets served by the pipeline system. According to Petitioner, for propane, other modes of transportation are commonly available, including but not limited to, trucking, rail and waterborne facilities. Mid-America states that the selected mode of transportation for propane depends principally on cost, and the economics favor pipelines. Petitioner submits that without its System, the market would be forced to use alternate modes of transportation, likely at a higher cost.

Petitioner also addressed its financial, technical, and managerial ability to own and operate the System and to provide the services. According to Mid-America LLC, its assets at year-end 2003 were \$700 million and its revenues for the year 2003 total \$197 million. Financial statements were provided for the record.

Petitioner states that it is a common carrier under federal law. Kevin Bodenhamer, Director of Operations – Western Region for EPCO, Inc., oversees Petitioner's operations in Illinois. EPCO, Inc. provides services to Enterprise Products Operating L.P., the entity that operates Mid-America Pipeline Company, LLC. Mr. Bodenhamer has 26 years of pipeline experience in various operations and engineering positions, including 11 years directly with Petitioner or its predecessors. Petitioner also asserts that the change in business structure did not change, reduce or impair the oversight or operation of the System in Illinois in any respect.

In addition to the Certificate of Good Standing, Mid-America LLC requests the authority to maintain its books and records in its offices in Houston, Texas. Petitioner agrees to make available to the Commission, at the Commission's offices in Springfield, Illinois, such documents as the Commission may request of Mid-America LLC from time to time in the exercise of the Commission's duties and responsibilities under the Act and Commission rules.

In conjunction with the issuance of the Certificate of Good Standing in this docket, Petitioner also requests cancellation of the Certificates issued in Docket Nos. 48709, 58072, 86-0101, T88-0065, and P94-0001.

Staff Position

Mr. Maple reviewed the Petitioner's petition, testimony, and responses to data requests. Among other things, those responses identified entities that ship commodities through the System, the types of products shipped and annual demand for pipeline services. They also addressed Petitioner's status as an interstate carrier by pipeline, environmental management policies, compliance with federal and state laws and other issues. (MPC Ex. 3-Conf.)

Upon completion of his review, Mr. Maple found no reason to oppose the requested relief. Staff has no objection to the issuance of a Certificate of Good Standing in this Docket and supports this petition and all the relief requested.

Commission Conclusions, Findings and Ordering Paragraphs

Having reviewed the record, the Commission finds, with respect to the services herein certificated, that a public need for the service exists; that the applicant is fit, willing and able to provide the service in compliance with this Act, Commission regulations, and orders; and that the public convenience and necessity requires issuance of the certificate within the meaning of Section 15-401 of the Act.

Accordingly, a Certificate of Good Standing should be issued to Petitioner, as a common carrier by pipeline, for the facilities and products certificated in Docket Nos. 48709, 58072, 86-0101, T88-0065 and P94-0001. Copies of the orders in those dockets were filed in the instant proceeding.

The Commission, after reviewing the record herein, is of the opinion and finds that:

- (1) Petitioner is a Delaware limited liability company that operates a pipeline for the transportation of natural gas liquids in Illinois; Petitioner is a "common carrier by pipeline" as that term is defined in the Act;
- (2) the Commission has jurisdiction over Petitioner and the subject matter of this proceeding;
- (3) the recitals of fact set forth in the prefatory portion of this Order are supported by the record and are hereby adopted as findings of fact;
- (4) Petitioner has the managerial, financial and technical capabilities to operate as a common carrier by pipeline;
- (5) with respect to the services herein certificated, a public need for the service exists; the public convenience and necessity requires issuance of the certificate within the meaning of Section 15-401 of the Act;
- (6) Petitioner should be authorized to provide the services and charge the rates set forth in the tariffs on file with the Commission in Petitioner's name;
- (7) pursuant to Section 15-301(b) of the Act, Petitioner should be allowed to maintain its books and records outside of this State, provided that Petitioner makes such books and records available to the Staff of the Commission at a convenient location in this State as specified by Staff should the Staff request to review such books and records;
- (8) the certificates to operate as a common carrier by pipeline issued in Docket Nos. 48709, 58072, 86-0101, T88-0065, and P94-0001 should be cancelled as of the date of this Order.

IT IS THEREFORE ORDERED that a Certificate of Good Standing is hereby granted to Mid-America Pipeline Company, LLC to operate and maintain a pipeline system for the transportation of natural gas liquids and liquefied petroleum gases as a common carrier by pipeline pursuant to Section 15-401 of the Common Carrier by Pipeline Law.

IT IS FURTHER ORDERED that the Certificate of Good Standing herein granted shall be the following:

CERTIFICATE OF GOOD STANDING

IT IS HEREBY CERTIFIED that the public convenience and necessity require the operation and maintenance by Mid-America Pipeline Company, LLC of its pipeline System in Illinois as shown on MPC Exhibits 2 and 4E, and as described in Docket Nos. 48709, 58072, 86-0101, T88-0065, and P94-0001, for the transportation of natural gas liquids and liquefied petroleum gases as a common carrier by pipeline pursuant to Section 15-401 of the Common Carrier by Pipeline Law, 220 ILCS 5/15-100 et seq., to the full extent of the scope of authority granted in those dockets.

IT IS FURTHER ORDERED that pursuant to Section 15-301(b) of the Act, Mid-America Pipeline Company, LLC is allowed to maintain its books and records at its offices in Houston, Texas, provided that it promptly makes such books and records available to the Staff of the Commission at a location in the State of Illinois as designated by Staff should Staff request to review such books and records.

IT IS FURTHER ORDERED that the Certificates of Good Standing or similar certifications issued in Docket Nos. 48709, 58072, 86-0101, T88-0065, and P94-0001 are hereby cancelled as of the date of this Order.

IT IS FURTHER ORDERED that subject to the provisions of Section 10-113 of the Public Utilities Act and 83 Ill. Adm. Code 200.880, this order is final; it is not subject to the Administrative Review Law.

By order of the Commission this 25th day of January, 2006.

(SIGNED) CHARLES E. BOX

Chairman